

The Michigan Judicial Institute presents:

2004 CHILD SUPPORT FORMULA UPDATE

WEBCAST LOGISTICS:

- You can submit questions at any time throughout the presentation by using your "In-Writing" button. Questions will be addressed at the end of the presentation.
- Answers will also be posted on our website along with the archived program.
- Finally, we want your feedback. Please click on and print the "evaluation" attachment. At the conclusion of the training, please complete the evaluation and fax it back to MJJ at 517-373-7615.

2 2004 Child Support Formula Update

Faculty

- **Mr. William J. Bartels**
Management Analyst,
*State Court Administrative Office-
Friend of the Court Bureau*
- **Mrs. Kelly Howard**
Management Analyst,
*State Court Administrative Office-
Friend of the Court Bureau*

3 2004 Child Support Formula Update

Mr. Bill Bartels

- SCAO Management Analyst, 12 years
- Former Investigator - Ottawa Co. FOC
- Recipient of the 1999 DHHS Inspector General's Integrity Award for work on MI Criminal Non-Support procedures
- Managed the Michigan C.S. Formula Updates and Publication since 1996

4 2004 Child Support Formula Update

Mrs. Kelly Howard

- Management Analyst, SCAO-FOCB
- Formerly a Policy Advisor for the Michigan House of Representatives covering Family Law & Human Services Issues
- Previously worked at the Federal Level as a Legislative Assistant covering Judiciary issues

5 2004 Child Support Formula Update

Where We're Headed

(What we are going to cover)

- The Big Picture
- General Changes
- Deviation
- Spousal Support / Alimony
- Social Security Benefits
- Medical Support-General
- Health Insurance Premiums
- Insurance Coverage and Reasonableness
- Uninsured Expenses

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Where to Get the Formula

Internet:

www.courts.mi.gov/scao/services/focb/mcsf.htm

West Publishing

www.westgroup.com/store/

Software – help menu

Public Libraries

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Big Picture

- Ⓢ Required by federal and state law
- Ⓢ Tied to costs of raising children
- Ⓢ Issued by FOCB/SCAO
- Ⓢ Four year review and update

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General Changes

- ❖ No Change to Shared Economic Threshold (128 overnights)
- ❖ Applicability of Changes
- ❖ Citation and Reorganization
- ❖ Definition of Support
- ❖ Adjustments and Abatements

9 2004 Child Support Formula Update

Intended Application

- Application is controlled by statute and case law
- Intended to apply to every **qualifying** case as support is established, reviewed, or modified

10 2004 Child Support Formula Update

§1.04(A)

Citation

- 2004 MCSF 3.02(C)(1)
- Michigan Child Support Formula of 2004 Section 4.01

11 2004 Child Support Formula Update

§1.01

Content Reorganization

1. Background
2. Determining Net Income
3. Calculating Support Amounts
4. Other Factors

12 2004 Child Support Formula Update

Support Includes

■ Base Support

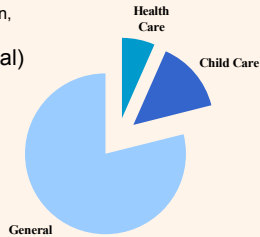
(Food, Clothing, Housing, Education, Transportation, etc.)

- General Care (traditional)
- Low Income
- Shared Economic

■ Child Care

■ Medical Expenses

- Ordinary Exp.
- Health Insurance



13 2004 Child Support Formula Update

\$1.03

Monthly Orders

MCL 552.605c(1)

Poverty Level \$776/ mo

\$3.02(A)

Threshold for Modification

\$1.07(B)

10% of Existing Order or \$25 per month

Minimum Order Amounts

\$1.08

\$25 per month + Ordinary Medical Expense

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\$1.04(A)(2)

Converting to Monthly Amounts

Charge Cycle	Mathematic Function	SCAO Adopted Factor
Weekly	multiply by (x)	4.35
Biweekly	multiply by (x)	2.175
Semi-monthly	multiply by (x)	2

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\$4.05(A)

Conversion Examples

Charge/Cycle	Function	Factor	Monthly Charge
\$100 / week	x	4.35	= \$435
\$200 Biweekly	x	2.175	= \$435
\$220 Semimonthly	x	2	= \$440

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Prorating Midmonth Changes

State Charges in Monthly Amounts

Proration Formula

$$C_b - ((C_b - C_n) \times .033 \times D_n)$$

- C_b = Beginning Monthly Charge
- .033 = Daily Adjustment (2004 MCSF 4.05(B))
- D_n = Number of days new amount effective
- C_n = New Monthly Charge amount

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\$4.05(C)

Monthly Proration Example

Existing Order for **\$968/mo** for three children lowers to **\$725/mo** for two, and one emancipates on March 8

Beginning Charge **\$968** Days in Month 31
 New Charge **\$725** Date Effective 8
 Days New Effective **24** [31 - 7]

$$\text{\$968} - ((\text{\$968} - \text{\$725}) \times .033 \times \text{24}) = \$776$$

Excel: <http://courts.michigan.gov/scao/resources/publications/focbnewsletters/ProRateCS3.xls>

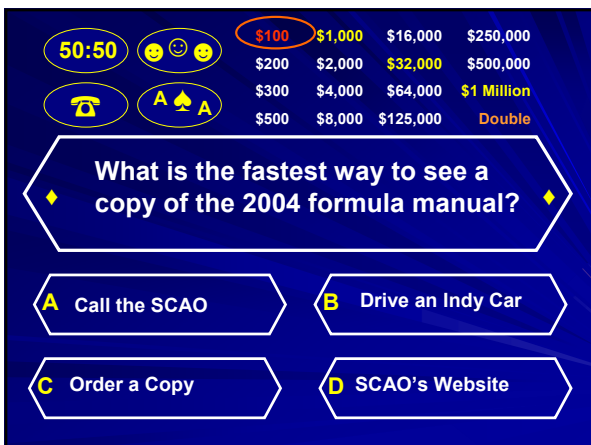
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Conversion and Proration Example

Existing Order for \$100/wk and New Order for \$500/mo effective April 15

Beginning Charge	\$435	[100/wk x 4.35]	
New Charge	\$500	Date Effective	15
Days New Effective	16	[30 - 14]	

$$\$435 - ((\$435 - \$500) \times .033 \times 16) = \$469$$



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\$100

\$1,000

\$16,000

\$250,000

\$200

\$2,000

\$32,000

\$500,000

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\$300

\$4,000

\$64,000

\$1 Million

\$500

\$8,000

\$125,000

Double

What kind of “support” expenses are not calculated by the 2004 MCSF?

A Base Support

B Child Care

C Educational

D Ordinary Medical

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\$4,000

\$64,000

\$1 Million

\$500

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\$125,000

Double

After October 1, how many overnights are necessary to qualify for the Shared Economic formula?

A 52

B 105

C 128

D 182.5

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\$100	\$1,000	\$16,000	\$250,000
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How many days is an April 10th order effective in that month?

A 10

B 20

C 21

D 31

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What calculation would you complete to convert a “fortnight” amount to a monthly obligation?

A Multiply by 2.175

B Divide by Pi

C Multiply by 4.35

D Divide by 12

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What was Underdog’s alias?

A Bark Kent

B Mr. Peabody

C Paulie Purebred


D Shoe Shine Boy



Where We're headed next

- Deviation
- Alimony/Spousal Support
- Social Security Benefits

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Deviation:

Clarification Effect of Burba Decision

- Deviations cannot be based simply on disagreement with policies in MCSF
- Basis for deviation must be SPECIFIC FINDING that MCSF provisions are unjust or inappropriate in a particular case's circumstances
- Requirements when deviating set by law

2004 MCSF 1.04

29 2004 Child Support Formula Update §1.04(D)

Deviation: Factors

- Child has special needs
- Child has extraordinary educational expenses
- One or both parents are minors
- Child's residence income qualifies for public assistance and parent capable of paying more support to raise standard of living
- Extraordinary jointly accumulated debt

30 2004 Child Support Formula Update §1.04(D)

Deviation: Factors

(continued)

- Court awards property in lieu of support
- Parent incarcerated without income or asset
- Parent has extraordinary medical expenses for themselves or dependent
- Income exceeds what Formula considered
- Irregular bonus income
- Other person can provide medical coverage

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§1.04(D)

Alimony Changes

- Alimony between the parties not included or deducted from incomes
 - Child Support calculated first
 - No need to recalculate if support or alimony terminates or changes
 - Affects Taxes

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§2.01(F), §2.12(A)

Non-Custodial Parent's Social Security Benefits

Benefits received based record of someone **other** than the NCP = treat as CP income

Benefits received based record of NCP = treat as NCP income, and credit against support obligation

Does not affect Supplemental Security Income (SSI)

33 2004 Child Support Formula Update

§2.05

Social Security Example

Payer \$1200 SS net

Payee \$1300 net

2 Children SS benefit \$600

Old Method: \$405 CS (\$0 to FOC)

New Method: \$570 CS (\$0 to FOC)

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Which of the following is one of the new MCSF reasons for deviation?

A Travel Costs

B Disagree with MCSF Provision

C Parent on SSI

D Parent Incarcerated

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How should spousal support between parties be treated?

A Not counted as Income

B Deduct from payer income

C Deduct from payee income

D Deduct from support

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Which best describes how a child's SS Benefits from the payer are considered by the formula?

A Additional Support

B Payee Income

C Birthday Present

D Payer Income

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What is the new minimum threshold for modification?

A \$25/mo + Ordinary Medical

B \$776/mo or less

C 10% or \$25/mo

D \$8 per week

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Which of the following cases deals with imputation of income?

A Ghidotti v Barber

B Burba v Burba

C Pierce v Pierce

D Ali v Frazier

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Who Said “Always do right. This will gratify some people, and astonish the rest”?

A Bill Clinton

B Mark Twain

C Billy Graham

D Teddy Roosevelt

Heading on to Medical Support

- Overview
- Definitions
- Qualified as QMCSO
- Allocation of premiums
- Premiums for other children

- Responsibility to Insure
- Reasonable Cost of Insurance
- Ordinary Expenses
- Extraordinary Expenses

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Definitions

Remedial care = nonprescription medications (i.e. band-aids) purchased on a routine basis. Covered by base support obligation

Ordinary expenses = co-payments, deductibles, uninsured expenses, and other health care related costs. Amount added to order

Extraordinary expenses = uninsured expenses that exceed ordinary amount; also a payer's expenses. Apportioned between parents

42 2004 Child Support Formula Update §3.07(B)(C)(D)

Responsibility to Insure

Michigan law requires “one or both” parents to maintain coverage that is available at a reasonable cost

Factors to consider: accessibility and comprehensives of services in plan, likely continuation of coverage, affordability of deductibles/co-pays, and reasonableness of cost of coverage.

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§3.07(B)

Qualified Medical Child Support Order (QMCSO)

Michigan law requires an order or notice to include QMCSO information

Federal law requires group health plans to recognize a QMCSO

QMCSO requirements: participant and alternate recipient name and last known addresses; a reasonable description of coverage; and period that the order applies

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§3.07(B)

Premiums- Children in Case

Premium Cost split between parents

Determine amount of premium attributable to the children

Apportion the amount between parents based on income

Include as part of support payment

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§3.07(B)(3)

Example – Health Care Premiums Children in Case

Payer covers two children in case, and a new spouse. Cost \$100 /month (single \$30)

$\$100 - \$30 = \$70$ (net cost dependent cvrg)

$\$70 \div 3 = \23.33 (net per person cost)

$\$23.33 \times 2$ children in case = \$46.66

Payer 60%, Payee 40%

How much of the premium gets deducted from payer's support obligation?

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Premiums - "Other" Children

Earlier, no consideration given for the "other" children premiums.

Now, premiums paid for "other" children deducted from income

Family Coverage Cost
- Cost of Parent's coverage
÷ Number covered
x Number of other children

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\$2.12(E)

Other Children's Premiums

● Payer covers two children in case, a new spouse, one child in new family, and one stepchild. Cost \$100 /month (single \$30).

$\$100 - \$30 = \$70$ (net cost dependent cvrg)

$\$70 \div 5 = \14 (net per person cost)

How much of the premium gets deducted from payer's net income?

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Ordinary Amounts

Families routinely spend \$289.00 per year per child on ordinary medical expenses.

<u>Children</u>	<u>Annual</u>	<u>Monthly Pmt</u>
1	\$289.00	\$24.08
2	\$578.00	\$48.17
3	\$867.00	\$72.25
4	\$1,156.00	\$96.33
5	\$1,445.00	\$120.42

Amounts Prorated between Parents

Ordinary Medical

Payment of uninsured exp. part of regular obligation, rather than waiting until after expenditure

Amount presumed to be spent

Amounts may be added to compensate for higher known expenses

Ordinary Expense Accounting

Payer's periodic share of ordinary expenses paid with support payment

Recipient's share of ordinary expenses directly contributed

Recipient maintains both parent's annual ordinary expense amounts to reimburse eligible expenditures.

Ordinary Expense Accounting

All expenditures considered made in proportion to parent's percentage of income.

Annual ordinary expense amount restarts every calendar year.

Presumes amount set for a family's ordinary expenses will be spent.

Ordinary Medical Expense Example

Two Children – no additional exp.

\$560 Ordinary Medical per **year**
(**\$280** per child for two children)

Income: NCP = **60%** and CP = 40%

$$\text{\$560} \times .\text{60} = \text{\$336}$$

$$\text{\$336} / 12 = \text{\$28 (or \$14 per child)}$$

Extraordinary Expenses

Uninsured expenditures exceeding the family annual ordinary amount set in 3.08(C) are extraordinary.

Net Extraordinary Expenses apportioned.

Support order sets the % used when calculating extraordinary reimbursement.

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◆

How are net premiums for children in the case handled in the 2004 MCSF?

◆

A Deduction from Income

B Addition to Income

C Base Support Adjustment

D Very Carefully

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How are net premiums for “other” children handled in the 2004 MCSF?

◆

A Deduction from Income

B Addition to Income

C Base Support Adjustment

D Very Carefully

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Which of the following expense types does not qualify for medical reimbursement?

◆

A Dr. Office visit

B Flu Shot

C Prescription Co-pay

D Cough Syrup

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Which of the following factors is not considered when determining the responsibility to carry insurance?

A Cost

B Accessibility of Services

C Coverage Offered

D Parent paying support

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


Under the 2004 MCSF, when should the recipient request extraordinary expense reimbursement?




A With every bill

B Bill exceeds monthly ordinary amt.

C Bill exceeds annual ordinary amt.

D Never

50:50   

Double or NOTHING:

\$2 Million Question

How many animals did Moses take on the Ark?

A None

B Two of each kind

C Seven "clean" and a pair of unclean


D Two Pair

Help Us Improve

Comments and Suggestions
are Welcome

C/O Friend of the Court
Bureau -SCAO

mcsf@courts.mi.gov



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QUESTIONS

And

ANSWERS

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